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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FocalPoint Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

11150 Santa Monica Blvd., Suite 1550

(No. and Street)

Los Angeles

CA

90025

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

David Porter

310-405-7043

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Elizabeth Tractenberg, CPA

(Name - if individual, state last, first, middle name)

2367 Clubhouse Drive

Rocklin

CA

95765

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

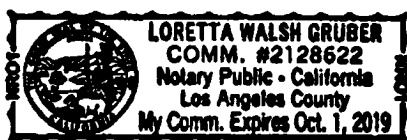
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SEC 1410 (06-02)

## OATH OR AFFIRMATION

I, David Porter, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FocalPoint Securities, LLC, as of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None



David Porter  
Signature

Chief Financial Officer

Title

Loretta Walsh Gruber  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

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**Elizabeth Tractenberg, CPA**  
2367 Clubhouse Drive  
ROCKLIN, CALIFORNIA 95765  
916/259-1666 – Fax 323/517-2625  
[elizabeth@tractenberg.net](mailto:elizabeth@tractenberg.net)  
PCAOB # 3621

**Report of Independent Registered Public Accounting Firm**

To the Members  
FocalPoint Securities, LLC  
Los Angeles, CA 90025

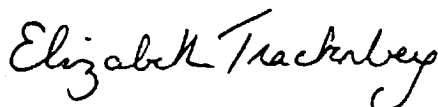
**Opinion on the Financial Statements**

I have audited the accompanying statement of financial condition of FocalPoint Securities, LLC, as of December 31, 2017 and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes and Schedule I, Statement of Net Capital Under Rule 15c3-1, Schedule II, Determination of Reserve Requirements Under Rule 15c3-3(exemption), and Schedule III, Information Relating to Possession or Control Requirements Under Rule 15c3-3 (exemption) (collectively referred to as the "financial statements"). In my opinion, the financial statements present fairly, in all material respects, the financial position of FocalPoint Securities, LLC as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of FocalPoint Securities, LLC's management. My responsibility is to express an opinion on FocalPoint Securities, LLC's financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and I am required to be independent with respect to FocalPoint Securities, LLC in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. My audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. My audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.



Elizabeth Tractenberg, CPA  
I have served as FocalPoint Securities, LLC's auditor since 2007.  
Rocklin, CA  
February 28, 2018

**FocalPoint Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2017**

**Assets**

Cash	\$ 2,104,454
Accounts receivable	144,072
Prepaid expenses	116,736
Furniture, fixtures and equipment, net of depreciation of \$311,116	78,413
Leaseholds and Other Intangibles, net of amortization of \$46,079	48,701
Security deposit	<u>118,387</u>
<b>Total Assets</b>	<b><u>\$ 2,610,763</u></b>

**Liabilities and Members' Equity**

**Liabilities**

Accrued compensation and bonuses	\$ 1,480,520
Accounts payable and accrued expenses	177,732
Deferred lease liability	<u>98,684</u>

<b>Total Liabilities</b>	1,756,936
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<b>Members' Equity</b>	<u>853,827</u>
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<b>Total Liabilities and Members' Equity</b>	<b><u>\$ 2,610,763</u></b>
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See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Statement of Income**  
**Year Ended December 31, 2017**

**Revenues**

Investment banking fees	<u>\$ 11,125,672</u>
Total Income	<u>11,125,672</u>

**Expenses**

Members compensation and benefits	2,487,054
Employee compensation and benefits	6,006,834
Marketing	632,011
Rent	414,290
Travel and entertainment	263,556
Professional fees	237,834
Office and administration	219,898
Computer expenses	150,677
Research expenses	138,785
Telephone and communications	87,962
Depreciation and amortization	62,470
Insurance, licenses and fees	57,583
Regulatory fees and expenses	55,193
Taxes	53,684
Interest	<u>6,523</u>
Total Expenses	<u>10,874,354</u>
Net Income	<u>\$ 251,318</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Statement of Changes in Members' Equity**  
**Year Ended December 31, 2017**

	<u>Total</u>
Balance, December 31, 2016	\$ 602,509
Net Income	<u>251,318</u>
Balance, December 31, 2017	<u>\$ 853,827</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

Cash flows from operating activities:	
Net income	\$ 251,318
Depreciation and amortization	62,470
Accounts receivable	( 64,726)
Prepaid expenses	15,657
Advances	50,000
Accounts payable and accrued liabilities	24,465
Deposits	( 51,337)
Accrued compensation and bonuses	1,035,492
State taxes payable	17,875
Deferred lease liability	<u>( 8,816)</u>
Net cash from operating activities	1,332,398
Cash flows from investing activities:	
Purchases of property and equipment	(19,499)
Cash flows from financing activities:	
Draws from bank line of credit	650,000
Repayment of bank line of credit	<u>( 650,000)</u>
Net cash from financing activities	<u>0</u>
Net increase in cash	1,312,899
Cash at beginning of year	<u>791,555</u>
Cash at end of year	<u>\$ 2,104,454</u>

**SUPPLEMENTAL INFORMATION**

Interest paid	<u>\$ 6,523</u>
Income taxes paid	<u>\$ 53,684</u>

See Accompanying Notes to Financial Statements



**FocalPoint Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 1 – Organization and Nature of Business**

FocalPoint Securities, LLC (the "Company") was originally incorporated in the State of California on October 7, 1971 under the name of JB Financial. The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

**Note 2 – Significant Accounting Policies**

**Basis of Presentation** – The Company conducts the following types of business as a securities broker-dealer, which comprises several classes of services, including:

- Private placements of securities
- Mergers and acquisitions services – raising capital and M&A services

Under its membership agreement with FINRA and pursuant to Rule 15c3 (k) (2) (i), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** - Investment banking revenue is recognized in the form of success fees that are earned upon the closing of the transaction, or completion of the assignment. Advisory fees are recognized when non-refundable retainers are invoiced in accordance with written terms of its engagement agreements. Investment banking fees are generated from services related to a limited number of transactions. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period.

**Income Taxes** - The Company, with consent of its Members, has elected to be a California Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has a similar treatment, although there exists a provision for a gross receipts tax and a minimum Franchise Tax of \$800. The Company also pays taxes in the State of Illinois.

The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State organization tax returns are more likely than not to be sustained upon examination. The Company is subject to examinations by U.S. Federal and State tax authorities from 2014 to the present, generally for three years after they are filed.

**FocalPoint Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 2 - Significant Accounting Policies (continued)**

**Depreciation** – Depreciation is provided on a straight-line basis using estimated useful lives of three to seven years. Leasehold improvements are amortized over the useful life of the improvement or the term of the lease.

**Note 3 - Fair Value**

Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

**Note 4 - Concentrations of Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash deposits. At December 31, 2017, there were cash balances on deposit of approximately \$1,833,749 in excess of FDIC insured limits. Management believes the organizations are not exposed to any significant credit risk related to cash and equivalents.

**Note 5 – Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2017, the Company had net capital of \$347,518 which was \$230,389 in excess of its required net capital of \$117,129. The Company had a net capital ratio of 5.05 to 1 at December 31, 2017.

**Note 6 – Operating Lease Commitments**

The Company leases facilities in Los Angeles and Chicago under a long-term agreement expiring on June 30, 2020 and January 30, 2024 respectively. The Company entered into a new lease agreement in Chicago during 2017 which commences on February 1, 2018. The annual rental commitments for years ending December 31, is as follows:

	Los Angeles	Chicago	Totals
2018	\$ 408,750	\$ 99,578	\$ 508,328
2019	427,290	158,845	586,135
2020	218,394	162,819	381,213
2021	0	166,879	166,879
2022 Thereafter	0	360,968	360,968
Totals	<u>\$ 1,054,434</u>	<u>\$ 949,089</u>	<u>\$ 2,003,523</u>

Rental expense for the year 2017 was \$414,290, net of month to month sublease payments of \$24,600.

**FocalPoint Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 7 – Pension Plan**

The Company adopted a new 401(k) plan in 2016 covering eligible employees of the Company. All fulltime employees are eligible to participate in the plan after one year of service. The company matches 10% of eligible employee contributions each year. The amount of matching contributions due for the year ended December 31, 2017 was \$17,300, which is included in Accrued compensation and bonuses. Pension plan expenses of \$11.877 for the year 2017 are included in Employee compensation and benefits. There were no 401(k) payments made to members during 2017.

**Note 8 – Income Taxes**

For the year ended December 31, 2017 the Company paid LLC taxes of \$12,590 to the State of California Franchise Tax Board. In addition, the Company paid LLC taxes of \$33,759 to the Illinois Department of Revenue.

**Note 9 – Bank Loans**

The Company maintains an operating line of credit with a local bank in the amount of \$500,000, which is secured by personal guarantees of the Members. The interest rate on the operating line is calculated at the Wall Street Journal published prime rate plus 1%. At December 31, 2017 such interest rate was 5.50% with no outstanding balance on the line of credit. The average daily outstanding balance during the year ended December 31, 2017 was approximately \$125,068.

**Note 10 – Subsequent Events**

Management has reviewed the results of operations for the period from its year end December 31, 2017 through February 28, 2018, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**FocalPoint Securities, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**December 31, 2017**

**Computation of Net Capital**

Total ownership equity from statement of financial condition		\$ 853,827
Nonallowable assets		
Accounts receivable	144,072	
Prepaid expenses	116,736	
Furniture, fixtures and equipment net of depreciation	78,413	
Leasehold improvement	48,701	
Security Deposit	118,387	( 506,309 )
Net Capital		<u>347,518</u>

**Computation of Net Capital Requirements**

Minimum net aggregate indebtedness -		
6-2/3% of net aggregate indebtedness		<u>117,129</u>
Minimum dollar net capital required		<u>5,000</u>
Net Capital required (greater of above amounts)		<u>117,129</u>
Excess Capital		<u>230,389</u>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>171,824</u>
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**Computation of Aggregate Indebtedness**

Total liabilities	<u>1,756,936</u>
Aggregate indebtedness to net capital	5.05

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

Net Capital per Company's Computation	\$ 347,518
Variance	-
Net Capital per Audited Report	<u>\$ 347,518</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2017**

A computation of reserve requirement is not applicable to FocalPoint Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

**FocalPoint Securities, LLC**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2017**

A computation of reserve requirement is not applicable to FocalPoint Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

**Elizabeth Tractenberg, CPA**  
2367 Clubhouse Drive  
ROCKLIN, CALIFORNIA 95765  
916/259-1666 – Fax 323/517-2625  
elizabeth@tractenberg.net  
PCAOB # 3621

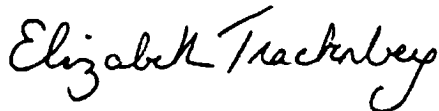
**Report of Independent Registered Public Accounting Firm – Exemption Report**

To the Members  
FocalPoint Securities, LLC  
Los Angeles, CA 90025

I have reviewed management's statements, included in the accompanying FocalPoint Securities, LLC (the "Company") Exemption Report in which (1) FocalPoint Securities, LLC identified the following provisions of 17C.F.R. §15c3-3(k) under which the FocalPoint Securities, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: ((k) (2) (i)) ("exemption provisions"), and (2) the FocalPoint Securities, LLC stated that the FocalPoint Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. The FocalPoint Securities, LLC's management is responsible for compliance with the exemption provisions and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about FocalPoint Securities, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k) (2) (i) of Rule 15c3-3 under the Securities Exchange Act of 1934.



Elizabeth Tractenberg, CPA  
Rocklin, CA  
February 28, 2018

**FocalPoint Securities, LLC**  
11150 Santa Monica Blvd, Suite 1550  
Los Angeles, CA 90025  
310.405.7000 F:310.405.7077  
www.focalpointllc.com

February 28, 2018

Elizabeth Tractenberg, CPA  
2367 Clubhouse Drive  
Rocklin, CA 95765

RE: SEC Rule 17a-5(d) (4) Exemption Report


Dear Ms. Tractenberg;

Pursuant to the referenced rule, the following information is provided.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2) (i) the Company conducts business on a fully disclosed basis and does not execute nor clear securities transactions for any customers.

FocalPoint Securities, LLC met the rules of Section 240, 15c3-3 (k)(2)(i) exemption requirements for the period from January 1, 2017 through December 31, 2017.

Sincerely,



**FOCALPOINT Securities, LLC**  
David R. Porter  
Chief Financial Officer



## **Elizabeth Tractenberg, CPA**

2367 Clubhouse Drive  
ROCKLIN, CALIFORNIA 95765  
Office 916/259-1666 -- Fax 323/517-2625  
[elizabeth@tractenberg.net](mailto:elizabeth@tractenberg.net)  
PCAOB # 3621

To the Members  
FocalPoint Securities, LLC  
Los Angeles, CA 90025

### **Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures**

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, I have performed the procedures enumerated below, which were agreed to by FocalPoint Securities, LLC and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of FocalPoint Securities, LLC for the year ended December 31, 2017, solely to assist you and SIPC in evaluating FocalPoint Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). FocalPoint Securities, LLC's management is responsible for FocalPoint Securities, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures I performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2017 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2017, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no adjustments;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

To the Members  
FocalPoint Securities, LLC  
Page 2

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Elizabeth Tractenberg". The signature is written in dark ink and is positioned above the printed name and address.

Elizabeth Tractenberg, CPA  
Rocklin, California  
February 28, 2018

SEC  
Mail Processing  
Section

MAR 05 2018

Washington DC  
408

**FocalPoint Securities, LLC**

**Report Pursuant to Rule 17a-5 (d)**

**Financial Statements**

**For the Year Ended December 31, 2017**